

Message Text

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PAGE 01 NEW DE 06153 081358Z

47

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 MC-02 ACDA-19 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 USIA-15 TRSE-00 EB-11 COME-00

DRC-01 OMB-01 /150 W

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R 081205Z MAY 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1351

INFO DIA WASHDC

CINCPAC

AMEMBASSY STOCKHOLM

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

CINCUSNAVEUR LONDON

C O N F I D E N T I A L NEW DELHI 6153

E.O. 11652: GDS

TAGS: MASS, PFOR, IN, SW

SUBJ: INDIA SEEKS SUBMARINES FROM SWEDEN

REF: USDAO NEW DELHI 301 MAY 1974

1. SOURCE AT SWEDISH EMBASSY NEW DELHI CONFIRMED TO EMBASSY THAT FACTS OF SUBMARINE DEAL ARE ESSENTIALLY AS STATED IN INDIAN PRESS REPORTS OF MAY 6 AND 7 (REFTEL). HE SAID THAT DEAL HAS NOT BEEN CONCLUDED, AND LEAK OF STORY IN STOCKHOLM COULD NOW TORPEDO IT. SOURCE AGREED WITH EMBOFF'S SURMISE THAT OPPONENT OF DEAL IN SWEDISH GOVERNMENT HAD PROBABLY LEAKED STORY TO WRECK IT.

2. SOURCE SAID DEAL WAS DISCUSSED DURING VISIT OF SWEDISH SUPREME MILITARY COMMANDER TO INDIA A FEW MONTHS AGO. LATTER WAS ACCOMPANIED BY SECRETARY OF STATE FOR DEFENSE ANDERS
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PAGE 02 NEW DE 06153 081358Z

THUNBERG. SOURCE CHARACTERIZED THUNBORG AS PART OF "INDIA

MAFIA" IN SWEDEN, HAVING ACQUIRED CONTACTS IN INDIA IN EARLIER DAYS OF ACTIVITY IN SWEDISH AND INTERNATIONAL SOCIALIST YOUTH AFFAIRS. ONE OF THUNBORG'S OLD INDIAN FRIENDS IN MINISTER OF STATE FOR DEFENCE PRODUCTION V.C. SHUKLA.

3. ACCORDING TO SOURCE, INDIANS HAVE BEEN BUYING SOVIET SUBMARINES, BUT ARE DISSATISFIED WITH THEM. SHUKLA-THUNBORG CONNECTION GAVE INDIANS POSSIBILITY OF OBTAINING SUPERIOR MERCHANDISE FROM POLITICALLY ACCEPTABLE SOURCE. THUNBORG WAS RECEPTIVE AND FOLLOWING HIS VISIT SENT TEAM FROM SWEDISH STATE-OWNED SHIPBUILDING COMPANY IN KARLSKRONA.

4. SHIPBUILDING TEAM NEGOTIATED DEAL INVOLVING PRODUCTION IN SWEDEN OF INITIALLY TWO "SJEE-ORM" (SEASNAKE) SUBMARINES. SEASNAKE IS DESCRIBED OF ADVANCED VERSION OF A-14. INDIAN TECHNICIANS WOULD PARTICIPATE IN CONSTRUCTION AND WOULD THEN BUILD MORE SUBMARINES UNDER LICENSE IN INDIA. DEAL ALSO ENVISIONS ASSISTANCE TO INDIAN SHIPBUILDING INDUSTRY, BOTH MILITARY AND CIVILIAN.

5. IN COURSE OF TALKS, INDIANS EXPRESSED HOPE THAT SOFT SIDA (SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY) LOANS COULD BE USED TO FINANCE SUBMARINE DEAL. REQUEST EMBARRASSED SWEDES, WHOSE POLICY IS TO ALLOW AID RECIPIENT COMPLETE FREEDOM IN CHOOSING TO WHAT PURPOSE AID FUNDS SHOULD BE PUT, BUT WHO THOUGHT AID FINANCING OF MILITARY PURCHASES WOULD BE BEYOND SIDA'S TERMS OF REFERENCE. SOURCE IMPLIED THAT SIDA FUNDS HAD BEEN RULED OUT OF DEAL.

6. SOURCE SAID THAT INDIAN PURCHASES OF \$30 MILLION WORTH OF OTHER MILITARY EQUIPMENT, INCLUDING THE "GUSTAV VASA" GRENADE LAUNCHER WERE ALSO AGREED DURING THE THUNBORG VISIT.

7. SOURCE CONCLUDED HIS BRIEFING WITH COMMENT THAT LEAK WOULD DEEPLY EMBARRASS INDIANS AND SOVIETS WOULD BE DISPLEASED TO LEARN OF CONTEMPLATED DEAL.
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Message Attributes

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